



Guideline

Sales Tax Gaming Activities

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Tax Commissioner

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Games of Chance

Nonprofit veterans, charitable, educational, religious and fraternal organizations may be permitted by law to conduct games of chance. Games of chance include bingo, raffles, pull tabs, jars, and punch boards.

A distributor is a person who sells, markets, or otherwise distributes raffle tickets, bingo equipment, and any other implements of gaming that may be used in the lawful conduct of games of chance.

Sales of Gaming Equipment and Supplies

The North Dakota sales and use tax law does not provide a general exemption for sales to nonprofit gaming groups. Accordingly, sales of goods for final use by such groups are subject to sales or use tax, unless the distributor is provided a copy of a sales tax exemption certificate issued to the qualifying nonprofit organization.

Receipts from the sale of gaming equipment and supplies by a distributor to nonprofit organizations conducting games of chance are subject to sales tax of 5%, plus applicable city tax.

Shown below are examples of items that are subject to sales tax:

- Bingo equipment, including reusable cards.
- Jars
- Pull tabs
- Coin boards
- Punch boards
- Raffle tickets

Sales of Prizes

North Dakota sales and use tax laws regard prizes awarded by nonprofit organizations conducting games of chance to be tangible personal property "used or consumed" in this state and subject to sales tax when purchased.

Sales of raffle tickets, chances, or other gaming opportunities by nonprofit organizations represent an opportunity to win and are not a sale of tangible personal property. The fact that the inducement resulting from the game of chance may result in the awarding of prizes to the successful consumers or contestants are not crucial. The prizes are used or consumed by the nonprofit organizations in the course of operating the games of chance. Therefore, nonprofit organizations are considered to be the consumers of the property to be awarded as prizes and responsible for the payment of sales tax at the time they are purchased from distributors.

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Coin Boards

Coin boards sold to nonprofit organizations conducting games of chance are subject to sales tax on the total selling price.

Motor Vehicle Prizes

Motor vehicles are subject to motor vehicle excise tax rather than sales or use tax. If a motor vehicle dealer sells a motor vehicle to an organization, who in turn uses the vehicle as a promotional give away, the purchaser (organization) is obligated to register the vehicle and pay motor vehicle excise tax on the purchase price of the vehicle. The eventual prize winner would also have to report and pay motor vehicle excise tax on the fair market value of the vehicle when taking possession of the prize.

If the motor vehicle dealer completes the sale to the organization at the conclusion of the promotional give away and the prize winner takes immediate possession of the prize, only the prize winner will have to report and pay motor vehicle excise tax on the prize.

Gaming Receipts

Receipts from games of chance, except bingo receipts, operated by nonprofit organizations are exempt from sales tax.

Concession sales of food and beverages and miscellaneous supply sales completed by a gaming organization are generally regarded as regular retail sales subject to state and applicable local sales taxes. Such sales conducted by a gaming organization constitute direct competition with private retailers, when such sales are recurring, regularly scheduled, or on going retail sales made in the ordinary course of business.

Bingo Card Receipts

Any organization conducting bingo games must collect and remit sales tax on the furnishing of bingo cards. Bingo operators may collect applicable sales tax in one of two ways. Tax may be “included” in the selling price of the cards or tax may be “added” to the selling price of the card.

The choice of collection methods is left to the bingo organization. However, once an option is selected it must be used exclusively. Organizations which choose to include tax in the sale price of bingo cards must post a sign advising patrons that the selling price of bingo cards includes applicable sales tax. The poster must be conspicuously placed and must contain the following language: “**Bingo Card Sales Prices Include Applicable Sales Tax.**”